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January 21, 2014

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL TO MAKE INTERGOVERNMENTAL TRANSFERS TO FUND  
THE NONFEDERAL SHARE OF SUPPLEMENTAL PAYMENTS TO  
PRIVATE HOSPITALS FOR OUT-OF-NETWORK EMERGENCY CARE AND  
POST-STABILIZATION SERVICES PROVIDED TO LOW INCOME HEALTH  
PROGRAM ENROLLEES  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Request approval to make voluntary intergovernmental transfers to fund a portion of the nonfederal share of supplemental payments to be made by the County of Los Angeles – Department of Health Services to private hospitals for the out-of-network emergency care and post-stabilization services provided to the Low Income Health Program's Medicaid Coverage Expansion population and to make such supplemental payments.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Director of Health Services, or his designee, to make voluntary intergovernmental transfers (IGTs) of no more than \$10.2 million to the State Department of Health Care Services (DHCS) for the July 1, 2011 through December 31, 2013 service period. The IGTs will be used to fund a portion of the nonfederal share of supplemental payments for out-of-network emergency care and post-stabilization services provided by private hospitals to patients enrolled in the Low Income Health Program (LIHP), referred to in Los Angeles County as the Healthy Way-LA Matched (HWLA) program.

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

16 January 21, 2014

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

2. Authorize the Director of Health Services, or his designee, to make the supplemental payments to such private hospitals within 30 days of receiving the nonfederal share amounts from the DHCS.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Welfare & Institutions Code, Section 14169.7.5, established the LIHP Medicaid Coverage Expansion (MCE) Out-of-Network Emergency Care Services Fund to fund the nonfederal share of supplemental LIHP expenditures for medically necessary hospital emergency services for emergency medical conditions and approved post-stabilization care provided by private hospitals that are outside of the relevant LIHP's network ("out-of-network emergency and post-stabilization services"). The first recommendation will allow the County voluntarily to transfer no more than \$10.2 million to this fund, consisting of \$4.2 million for Fiscal Year (FY) 2011-12, \$4.0 million for FY 2012-13 and \$2.0 million for FY 2013-14. Other entities are also providing money for this fund, which also will receive money from the Hospital Quality Assurance Fund, which is resourced by the hospital provider fee. The money in the Fund is then redistributed to each LIHP based on its pro-rata share of qualified out-of-network emergency and post-stabilization services.

The Board's approval of the second recommendation will confirm DHS' ability to pay the supplemental amounts to the private hospitals within the required 30 day period.

### **Implementation of Strategic Plan Goals**

The recommended actions support Goal 2, Fiscal Sustainability, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The total amount of IGTs will be no more than \$10.2 million for the July 1, 2011 through December 31, 2013 period.

There is sufficient funding to cover the total amount of the IGTs in the DHS FY 2013-14 budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Under the Special Terms and Conditions for California's Bridge to Reform Section 1115(a) Medicaid Demonstration (11-W-00193/9), LIHPs are required to cover out-of-network emergency and approved post-stabilization services to the MCE population. As permitted by the Special Terms and Conditions, HWLA, like many other LIHPs, paid the out-of-network hospitals at a rate equal to 30% of the Medi-Cal rate. Understanding that this rate was quite low, the Legislature, in Welfare & Institutions Code Section 14169.7.5, created the LIHP MCE Out-of-Network Emergency Care Services Fund to be used as the source for the nonfederal share of supplemental payments for out-of-network emergency care and post-stabilization services provided to LIHP patients. Unlike other funding for the LIHP, the counties were not expected to be the only source for these funds, and money from the hospital provider fee provides a substantial portion of revenue to be used for these supplemental payments.

The statute provides that the amount to be paid for each out-of-network emergency or post-stabilization day or visit is to be determined by dividing the available funds by the number of days or visits. Based on information provided by the LIHPs, the State will provide to each LIHP the amount

necessary to act as the non-federal share of the supplemental payments for out-of-network services associated with its enrollees. The statute obligates HWLA to make the supplemental payments within 30 days of receiving the non-federal share funding from DHCS. The supplemental payments paid to the private hospitals must supplement and may not supplant the amounts that would have been paid absent the provisions of Welfare & Institutions Code, Section 14169.7.5.

DHS will provide the payments to those private hospitals that provided emergency and post-stabilization services to HWLA enrollees during the July 1, 2011 through December 31, 2013 period. It will be reimbursed for the federal share of the payments through the normal LIHP claiming process.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of our recommended actions ensures that vital emergency services remain available by supporting hospitals which provide such services.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is fluid and cursive, with the first name "Mitchell" written in a larger, more prominent script than the last name "Katz".

Mitchell H. Katz, M.D.

Director

MHK:hr

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors